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Keep Canadians in Canada.!

FAMILY ALLOWANCES"

as a means of

preventing emigration.

— BY —

LEON LEBEL, S.J.

A PLEA FOR THE FAMILY OF THE WORKER SO THAT IT MAY SHARE IN THE GENERAL PROSPERITY OF THE NATION.

Foreword by
rick Wright

15 cents

Second Edition
Montreal 1929

"I hear it said on every side that the biggest problem for Canada is that of immigration. *Such a statement is untrue. The prime problem which we must face today is that* emigration. *If we can make this country attractive enough to retain our young people, we would have little worry about immigrants. This will come knocking at our door. You cannot collect much rain in a leaky barrel and you cannot build up a population if emigration equals immigration. Millions have been spent on immigration and nothing to stop emigration. It is time we should begin running Canada for the advantage of its people."*

THE HON. M. TOLMIE,
Premier of British Columbia.

"The best way to populate the vacant spaces of Canada is with the children of Canadians."

THE RIGHT REV. DAVID WILLIAMS,
Archbishop of Huron.

"Family Allowances will, if adopted, remove the greatest cause of industrial discontent and misery, namely, the inability of many workers to feed their children properly and clothe them decently, however hard they work for the basic wage."

MR. JUSTICE POWERS,
President of the Commonwealth Arbitration Court, Australia.

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The Problem of
The Large Family
In Canada

Its Solution

FAMILY ALLOWANCES

— *By* —
Leon Lebel, S.J.

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25 cents

With Introduction by
FREDERICK WRIGHT

Montreal
—1928—

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FOREWORD

Those who have made a study, even casually, of Canada's progress during the last half century cannot help but be impressed by the comparative smallness of her present day population, which despite the natural attractions of the country, its vast resources, and the almost inexhaustable amount of capital ready for its fuller development, has not increased to anything like what was predicted by the Fathers of Confederation.

Such sparsity of population in a country of the size and high standing of living as obtains in Canada is not a healthy sign, and indicates a lack of appreciation of the value of the human element in the building up of the nation.

Though science and machinery have done much to lessen the demand for manual labour, the human equation and its solution is still the largest factor affecting the development of industry, and consequently that country flourishes best which offers the most adequate means of remuneration for its workers, commensurate with the cost of living.

Canada cannot afford to have her workers everlastingly struggling against but never passing the poverty mark. It perverts their outlook on life, and strangles all ambition. Unfortunately under our industrial system the wages of labour is adjusted in strict accordance with the law of supply and demand. From a community point of view such adjustment is economically unsound, inasmuch as the annual income of the average worker is not near sufficient to meet the living expenditure of himself and his family, consequently there is a discrepancy in his family budget that must be made up in some other way, either by his wife going out to work, or by charity, and neither way in conducive to producing contented workers, without which no nation can prosper.

In the following pages Father Leon Lebel, one of Canada's most competent authorities on social questions and who has given many years of study to his subject, has undertaken the task of showing how this great problem of providing an equitable income for the working class family may be solved.

In his analysis of present day conditions and in his appeal for what he terms "Family Allowances" Father Lebel not only shows his complete grasp of his subject, but in his arguments for a complete change in our economic policy so far as the families of the workers are concerned, he gives an insight into the fundamentals of government and its responsibility in human affairs which cannot help but convince the reader of the justice and reasonableness of his case.

"Family Allowances" is well worth perusal by those who have the welfare of Canada at heart.

FREDERICK WRIGHT.

(Municipal Service Bureau)
Montreal, April 1928.

— I —

GENERAL OUTLINE

Children have always been justly considered as the greatest blessing of the marriage state, and the best asset of a nation. One has but to turn to the pages of the Bible to ascertain that the birth of a child is ever represented as a legacy bequeathed by God to those who serve Him; and modern economists agree, with Adam Smith, that a high birth-rate is the most convincing sign of the prosperity of a country.

How then does it happen that in our modern society the large family has become a social and economic problem demanding prompt solution?

To give a satisfactory answer to this question, we must first realize that if a child represents an asset to the country — of which it will soon become a wealth producer — the position is somewhat different for the parents. At an earlier period, when most of the articles necessary for life were produced in the home, the burden of raising children was relatively light, and parents were soon compensated by the increased production which additional hands were able to assure.

This is no longer the case, for present day education imposes a heavy burden which, for many years at least, brings no compensation. In other respects too, the conditions which modern civilization imposes on fathers of families are distinctly more difficult to bear than those which formerly obtained, so that the status of the large family is precarious indeed.

Among the causes which have contributed to bring about this unfortunate state of affairs in social economies, we would place in the first rank the unequal distribution of family burdens among adults. Formerly the large family was the general rule; marriages were contracted at an early age; young men started home making often before twenty; after twenty-one, they began to be looked upon as old bachelors, and after twenty-five, their case was considered as hopeless. This is the reason why most families had many children; this is why bachelors were few in number. The result was that as most of the adults were burdened with families, they lived on a modest scale; the standard of life was set by plain living, with consequent low costs, and these conditions were practically uniform for the bulk of the population.

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During the last twenty-five years, and specially since the war, conditions have been turned topsy-turvy. The increase in the cost of living in the last decade has particularly made itself felt; and the spending and luxury indulged in by young poeple of both sexes as soon as they are earning a salary, delay young men in establishing homes. Before they obtain the income necessary to support a family, ten, fifteen or perhaps more years have usually slipped by.

This is why the number of bachelors and married men with small families has increased considerably. We have no available Canadian statistics on this point. But those of other countries reveal the gravity of the situation.

It has been estimated that in Belgium, out of one hundred adult males : —

29 are unmarried; 15 are married without children; 16 have but one child; 12 have two; 8 have three, 20 have four or more children.

Thus, 44 per cent of the male adults in Belgium have no family responsibilities; 36 per cent have but light ones; and 20 per cent only carry heavy ones. In other terms, twenty per cent of the adults raise about twice as many children as the other eighty per cent put together.

A similar state of affairs exists in other countries.

Economists have pointed out the unfortunate consequences that result from this unequal distribution of responsibilities. "When, in a community, all adults have equal resources of income, and when the majority of these adults have scarcely any family responsibilities, that same majority are well off and even rich; they spend more money; they increase and multiply their wants; they develop expensive tastes; soon the standard of living rises for the whole population. The large families submerged in this mass, can neither lodge, nor feed, nor clothe, nor educate, nor amuse themselves as they could two centuries ago. They are in the grasp of social needs and, lacking resources, are exposed to intolerable privations."(1)

The situation is further complicated by the lowering of infant mortality. When children were dying like flies, couples having ten or twelve children often lost half or more, and carried

(1) V. Fallon, S. J.: "Les Allocations familiales en Belgique et en France", p. 70.

eventually the burden of a moderate family. At present the progress of Hygiene, Medicine and Surgery has resulted in the saving of many children who would formerly have died. Besides the fact that medical treatment, which formerly was dispensed with, is now a fresh source of expense for the head of family, it often happens that the children saved from death by a more enlightened medical intervention, remain weak and sickly, and for years are a source of care and expense which impose a heavy burden on the income of the father and an increase of fatigue for the mother.

— II —

THE CAUSES WHICH RENDER THE PROBLEM PARTICULARLY ACUTE FOR THE LABORING CLASSES OF CITIES

The modern economic system has excited enthusiastic admiration. Increased production has increased comfort, developed commerce, brought about a state of prosperity undreamed of by former generations. But, with all due deference to the ardent admirers of modern civilization, intensive production has not proved an unmixed blessing : there is a factor of the highest importance to the true prosperity of society to which intensive production has proved a drawback, namely, the condition of the worker with a family. The writer has no hesitation in stating that the condition of the wage-earners of large cities has not, generally speaking, been improved under the dominance of the factory, for the married worker to-day is not in as good a position to supply the needs of a family, since by reason of the exactions of civilization he has been almost wholly deprived of a part of his means of livelihood. We need but glance at the economic condition which preceded the Revolution in order to be convinced of the fact.

At a time when all the trades were close corporations, every workman had to pass through the three grades of apprentice, journeyman and master. While learning his trade as an apprentice he received no pay, which was of no great inconvenience seeing that he was still a minor under his father's care, and acquired from this fact habits of simplicity and economy. As journeyman he worked for an employer, received full pay and perfected himself in his trade. It was at this stage under ordinary circumstances, that he got married. After a few years, when he had perfected himself in his trade and had succeeded in producing a masterpiece, he rose to the grade of master, which gave him the right to open a workshop and become an employer in his turn. Thanks to the increase in the number of his customers, his income increased in proportion to the increase of his family responsibilities.

He had moreover full liberty to dispose of his time, to work twelve, fourteen or eighteen hours, if necessary, in order to supply the needs of his family. Finally, there was nothing to prevent him from making use of his children as soon as they were able to

work, the standard of education not requiring at that time a long stay at school.

But since machinery has made it possible for intensive production to be carried on everywhere; since the great factory has taken the place of the small workshop, the large majority of workmen have lost the opportunity of becoming employers. They are obliged to remain wage-earners as long as they live. During their working life their wages will doubtless increase, *but not in the same proportion as their family responsibilities.* And when these responsibilities weigh heavily on him, the worker, unlike the wage-earner of an earlier day, is not at liberty to prolong his working-day and thus increase his output. The eight-hour day has been imposed on him by modern civilization; it has become a custom sanctioned by international legislation, and it would be useless for him to ask his employer to leave the factory open after regular hours, because of his need to eke out his wages.

Finally, the worker of to-day cannot count on the labor of his children to the same extent as the worker of a former generation. Modern conditions demand that children should spend eight, ten, twelve or more years at school. Even if education is free, it costs the father more money and the mother more labor to supply clothes for five or six children who are going to school, than if their days were spent running about at large, or doing manual labor. Further, the laws of most countries prevent children from working in factories before the age of fourteen or sixteen, and often beyond this age the state steps in to prevent the young from engaging in certain forms of more profitable labor, and to limit the daily duration of their work.

Far be it from us to criticize the efforts of modern legislators. All wise sociologists agree that the present day legislative intervention of the state in the domain of labor is a healthy reaction against economic radicalism, the effects of which were so disastrous in the nineteenth century. Nothing but advantage for the children can result from the new system; their health will be better; their lives will be prolonged; they will be better prepared for their life's work and society will reap the advantage of a larger number of citizens, stronger in body and better instructed than those of the preceding generation. But in the meantime it is necessary to obtain a livelihood and the father without other help than his own two hands must feed, clothe and house seven,

or eight children. His earning power has been curtailed by the exigencies of modern civilization. And what support or help has he received in return? None at all.

Until Pope Leo XIII, some thirty years ago, brought home to all Christian nations in a number of Encyclicals the claim of the family and its needs in the adjustment of wages, individualistic selfishness was the paramount note of the legislation of nearly all countries. And a similar individualism manifested itself in the economic order, individual values rather than family needs being the basis upon which workmen's wages were calculated.

But if a policy based on the family needs has achieved some success in regard to wages, it seems to be losing ground in the matter of housing. A tendency is becoming more and more accentuated to organize everything in favor of a society of celibates or of small families. The large apartment houses are evidently closed to large families; the modern four or five-roomed flats are suitable only for small families. It is therefore becoming more and more difficult for the heads of large families to find lodgings suitable for their needs; they are very lucky if they are not flatly refused because they have the fortune, or misfortune, of having many children. To obtain lodgings with a sufficient number of rooms they would have to pay an exorbitant rent. Therefore the worker with a moderate income must be satisfied in many cases with lodgings which others have refused to take, and which the proprietor despairs of renting because they are unsanitary or inconvenient. It would be difficult under such conditions to obtain any lowering of the rate of infant mortality or diminishing of the ravages of tuberculosis.

There is also the question of the mother of the large family who, more than any other, would be in need of help. It is evident that in most cases the worker with a large family has neither the resources nor the space in the small dwellings which are being built at the present time, to afford the luxury of a cook or a children's maid. It is a far cry from the time when one could get a maid of all work for a few dollars a month. Today the servant must be paid a wage which is often greater than the rent. And further, there are none to be found to take service in families where there are many children. Thus all the housework and the care of the children fall on the mother who, worn out by repeated childbearing,

is forced to work to excess to the great detriment of her health, and often of the lives of her future children.

If we add to this the fact that cities lack playgrounds and that the increasing intensity and rapidity of traffic make it impossible for children to play in the streets; that there exist municipal regulations allowing the police to arrest children found playing in the street, we are forced to the conclusion that the task of raising a large family in our crowded cities has become a serious problem and that a high price has to be paid in order to be faithful to conscience and to the law of God.

— III —

IMPORTANCE OF THE PROBLEM TO SOCIETY

The State cannot afford to neglect the problem of the large family. To be convinced of this we have but to reflect that it is these families which enable society to exist and increase in population, and that they form one of the most essential elements in the prosperity of a growing people.

The result of such neglect is self-evident, for it is quite clear that a community which does not contain families of four or more children would be doomed to extinction. Evidently neither celibates nor childless families — whatever other services they may render to the community — contribute in any way to maintain the level of its population. Families with but one child would not do so either since they furnish but one unit to replace the father and the mother; even families with two children could not maintain their number in the course of generations unless the children came to maturity and each founded a family; whereas it often happens that one or other dies prematurely or remains unmarried. Economists maintain that a family must number at least three children in order that it shall not dwindle from one generation to the other.

It is therefore families of four or more children which make up for the celibates, for the families without children and for the small families. We have seen in a previous chapter that four-fifths of the adult males come under these three categories, that the burden of maintaining the existence of society, and of increasing its population, is borne by a minority of adults; that twenty per cent of the men over twenty-one raise between them more than twice as many children as the other eighty per cent put together.

We may safely conclude that if large families were to cease or grow too small in any country, that country would have to be classed among the nations which were dying or disappearing off the face of the earth. So that the service rendered to a country by the heads of large families is obvious. It is therefore in the interest of society that these fathers should be placed in a position of security so far as the needs of their families were concerned. If economic conditions are such as to render it impossible for the

large family to subsist, then society — unless it wishes to commit national suicide — must seek some other remedy.

Large families being a condition of necessity for the maintenance and increase of the population, it necessarily follows they are essential to the prosperity of the country. All serious economists agree that numbers are an element of prosperity. "There is neither power nor prosperity without men" affirmed John Bodin as early as the sixteenth century; and the history of modern nations has shown the truth of this assertion. Its proof may be found in any treatise on political economy.

A moment's reflection will show how increase of population influences the prosperity of a country and rapidly gives it a plus value. Among the factors of production,— nature, capital and men,— man is the most important. Without the worker who develops the riches of nature, these riches would lie dormant, as they did for thousands of years. Thus our waterfalls, our mines, our forests and our untilled lands are merely potential riches; they are unproductive capital and will have real value for Canada only when workers are obtained to develop them. It is the increase of population which furnishes this element of production. Also an increase in the number of workers means an increase in the number of consumers and an extension of markets, which enables producers to dispose of their wares; and the greater the number of consumers, the easier it is for producers to manufacture on a large scale. This means a lowering of the net cost of production and the possibility of competing in foreign markets. This is the great advantage which American manufacturers have over us, for besides an extensive foreign market, they have a home market of more than 130,000,000 consumers.

The growth of population and the increase of production have as a natural result increased the value of land; because there are greater demands for land to house this increase of population, and because farmers can dispose more easily and at better price the products of the soil, besides which the raw material, up to that time useless and without value, becomes necessary in order to supply the growing industries.

That is why the United States, Belgium, Italy, Germany and other countries have seen their wealth increase with their population. In the half century which preceded the war of 1914, the population of Italy was doubled, and the wealth of the average individual

increased from 1620 to 2200 francs. Germany about the year 1870 was looked upon as a poor country with a high birthrate; forty years later, at the outbreak of the world war, its wealth was estimated at 400,000,000,000 marks, while that of France, in spite of the wonderful resources of its soil, in spite of it's prominence in liquid assets, remained stationary in wealth as in population.

Economists of different nations have tried to reduce to figures the value of a man from the point of material production. It was estimated that in France, before the war, an adult of twenty-five represented a capital of 46,800 francs. In Canada the statisticians of the Dominion Life Assurance Co., estimate than an adult of thirty-five, earning $50.00 a week, had an economic value of $36,982; an American child still in the cradle already represented for his country a pecuniary value of $9,333. There may be some exaggeration in these estimates, but, if we divide by three and give $3,000 as the value of a new-born Canadian, it would follow that an increase of 100,000 births would represent for the country a capital of $300,000,000.

On the other hand we may estimate the loss caused to Canada by emigration. From 1901 to 1921 it was 2,000,000. From 1921 to 1926, the annual rate of emigration seems to have increased, the last official figures showing for this period an increase to 675,000 emigrants, which would indicate the rate of emigration as 135,000 a year.

If Canada's population continues to increase only at the same annual rate as since 1921, namely 120,000, we should be far from reaching in 1950 the number 23,000,000, predicted a few weeks ago by Mr. Gardiner, Premier of Saskatchewan; we should have instead less than 13,000,000.

Shall we reach even this figure? There are but two means of increasing the population — natural increase and immigration. Unfortunately the rate of natural increase in Canada is beginning to fall. If we consult the last (1926) edition of Vital statistics of Canada, page 144, we ascertain that the birth rate indicates since 1921 a clearly marked descending curve; from 26.4 in 1921 it had fallen to 22.6 in 1925. It is true that the death rate has also decreased but the proportion is much smaller, and the present level, 9.7 is a minimum which is not likely to be lowered. It would appear therefore that our natural growth is likely to diminish rather than to increase.

There remains immigration. Here the range of possibilities is very wide. A sufficient number of immigrants might be found to double the population of Canada in a few years. It would be well to note, however, that immigration from the British Isles is steadily decreasing. For the last five years the British contingent has formed but a minority of the total immigration. As was recently stated by Mr. Leo Paul Desrosiers: "In spite of the special advantages offered to the people of England, such as help from the Canadian and English Governments, loans, enormous reduction in the cost of transportation, previous instruction on model farms, our immigration agents have not succeeded in re-establishing the interrupted current."

And there seems to be no hope that the future will see an improvement in the situation. The birthrate of England has sunk lower than that of France; what is still worse, during the first three months of 1927 the number of deaths has been greater than the number of births in England and Wales; and with the present economic difficulties, there is no likelihood that this proportion will change for a long time to come. British imigration will therefore necessarily decrease unless Canada decides to accept without restriction whatever class of immigrants may come to us from England, the undesirable as well as the desirable. Bitter complaints coming from different provinces of the Dominion prove that even the small contingent of British immigrants received during the last few years contained a large proportion of undesirables.

But, it may be said, the number might be made up through immigration from Continental Europe, and easily raised from this source alone to several hundred thousands annually. But would it be prudent to introduce into this country, each year, a contingent of foreigners larger than our own natural increase, and which is practically impossible to assimilate? Would it not be running the risk of introducing here colonies of foreigners, whose language, customs and affinities are not ours, and thus endanger the present complexion and unity of Canada?

Unless a means can be found to maintain and even to increase our birthrate, there is no hope to see the realization of the often-repeated prophecy of patriotic optimists, that the twentieth century would be Canada's Century. To bring about its realization, it could be necessary to render the lot of large families better by putting them in a position to live in comfort. There would then

be some hope of stopping in great part the flow of emigration to the United States, since large families constitute a great part of the contingent which is leaving us every year; there would be even a chance of seeing an increase in the number of such families, and thus obtain for our country the soundest kind of immigration, that of birth.

The future and the prosperity of Canada are thus bound up in the solution of this problem of large families.

Where shall we find the solution? Will it be in a higher wage? This remedy would reach only those who draw wages. In the following chapter it will be shown that the solution of the problem of the large family is not to be found in the pay sheet, even for the class of wage-earners.

— IV —

WAGES AND FAMILY ALLOWANCES

In the modern economic system, since intensive production has wiped out the majority of the small independent producers, a large and increasing number of men are obliged to depend on wages for a livelihood . It follows that the adult worker, since he is destined by God to found a home, ought to find in his wage the means of supporting a family.

This truth, which would seem to be an axiom of common sense, was long unknown to, and even denied by, the entire school of liberal economists of the 19th century. The partisans of the liberal school held that the wage, however small, must be considered as just whenever it was freely agreed to between employer and worker; so that the employer had the right to pay the lowest possible wage, even though insufficient to support the employee, provided that the latter consented to it.

This doctrine is nowadays regarded as basically false, but it is still unfortunatly put into practice and approved by men who should be better posted on the teachings of Christianity.

Catholic sociologists have always repudiated the doctrine of individualism on the wage question, and Leo XIII did but confirm their opinion in writing, in the Encyclical "Rerum Novarum" "that the wage, in order to be just, must be sufficient to support the just and honest worker". And as the same Pontiff affirms in another passage of the Encyclical that the father of a family is bound to support his children, it follows that the just wage must be adequate to the needs of a family.

The discussions which arose among catholics as to the interpretation of the principle laid down by Leo XIII are well known. Some held that wages should keep up with the burdens of each of the workers; so that the remuneration paid to different workers doing the same work would differ according to the burdens and needs of each. This has been called the proportional family wage.

This opinion is untenable. Strict justice demands equivalence between what is received and what is given. Consequently if an employer obtains the same amount of work from different workers he satisfies the demands of justice by giving them the same wage. To demand that he give more to one of them because of his family

burdens is equivalent to saying that he is bound to give more than he receives; which is an absurdity. That is why the principle, — equal work, equal pay,— must be placed among the principles of commutative justice to be kept in mind in fixing wages.

We thus find ourselves face to face with two propositions clearly established by reason, and which yet appear to contradict one another; on the one hand a principle of common sense formulated by Leo XIII, "The just wage must be a family wage"; on the other hand the principle of commutative justice, "Equal work, equal pay".

The question is: how are these to be conciliated ?

To make the wage sufficient to support a family it would be necessary, in order to fix a minimum wage for adults, to take into consideration not the individual needs of the worker but those of the family; but since commutative justice demands that an equal wage should be given for equal work, the uniform minimum wage for all should be based on the needs of a moderate-sized family. This is what has been called "the absolute family wage"; and it may be expressed by the following formula: "In ordinary conditions the remuneration of a worker of moderate capacity, working conscientiously, should furnish the means necessary to supply the needs of a family of moderate size".

But what is meant by a moderate-sized family? Here again divergencies of views have developed among sociologists. Some propose seven or eight as the number: the father, the mother and five or six children. Others on the contrary wish to restrict it to three or four: the father, the mother and one or two children. But generally speaking, the family composed of five members:– the father, the mother and three children – is accepted as being of moderate size.

The "absolute family wage", as remuneration to the conscientious worker of moderate capacity, should therefore be sufficient to satisfy the needs of a family of five members.

Labor organizations have therefore the right of striving to bring about this minimum wage.

Even when this result has finally been achieved the problem of large families will not yet be definitely solved. The problem of the family of five members will indeed have been solved, but there will remain that of the family of six, eight, ten, twelve or

more. The worker with a family of twelve children can only do the same amount of work as the unmarried man; he has therefore the right only to the same wage as the latter, that is to the "absolute family wage", which is supposed to suffice for a family of five persons. How then will he be able to support the other nine children?

Catholic sociologists of France have come to the conclusion that the solution will be to pay to the worker who is the head of a family a supplementary contribution proportional to his family expenses. This special contribution was first called a sur-wage and it is by this name that it is still designated in Italy and some other countries. But the French and Belgian sociologists have pointed out that this expression is faulty and liable to lead the mind to false ideas and erroneous conclusions. To call sur-wage the allowance made to the head of the family is to suggest that it is pay given for work, and that he alone has a right to it, who is actually earning. The allowance in question is made to the head of a family, not because he is a worker, but because of the services he is rendering the community and the employers in furnishing producers and consumers. So that a man may have a right to the supplementary allowance without having a right to any wage, and conversely, a man may have a right to wages without having any right to the allowance. Thus when the bread-winner is ill and so receives no pay he still has a right to the allowance which certainly cannot be called a sur-wage.

This is why we consider it preferable, in company with many French and Belgian Economists, to adopt the term "Family Allowance" as better expressing the nature of the supplementary remuneration due to the head of a family.

The *family allowance* is thus not pay given in return for work done, neither is it alms or charity offered to the head of a family because he is in need, or in trouble. It is a remuneration for eminent services rendered to the state, services which no one had thought of remunerating hitherto but which the special conditions of present-day economics compel society to recognize and to reward.

In other directions the state already pays honoraria for services necessary to its existence, but which nevertheless are not rendered for money. Thus the executives of a country do not govern society for profit; nevertheless, since they are rendering services indispensable to the existence of a nation, they are given honoraria

in order that they may be able to fulfil their functions with dignity. Thus judges do not administer justice nor military officers go to war and risk their lives for money, at so much an hour; but the services they render are indispensable to good order and to the existence of society; that is why the nation gives them honoraria which place them in a position to render these services. In the same way fathers of large families render to society the fundamental service of assuring its existence and its prosperity, as has already been shown. Is it not its bounden duty, therefore, to recognize these services and to place the heads of families in a position to render them properly ?

— V —

ORIGIN AND SPREAD OF FAMILY ALLOWANCES

The honor of initiating family allowances belongs to the French employers. As early as 1888 the mixed syndicates of employers and workers of the North of France gave allowances in favor of families.

About the same time Mr. Leo Harmel established in his own factory at Val-des-Bois a fund for the benefit of such of his employees as were blessed with large families.

Then, in 1890, the Railroad Company of the North, and that of Orleans embraced the same policy; in 1892 the Paris-Lyon-Marseille Railway followed suit. Finally the French Government by a law passed on the 13th of April, 1913, established an indemnity for the families of soldiers.

The coming of the war, and the hard conditions created for large families by reason of the increased cost of living forced public authorities and employers to give to their employees bonuses proportional to the family burdens. Soon two seperate bonuses were granted; one because of the high cost of living, and the other because of family burdens. This latter was continued after the war and has been very widely extended through the creation, for the benefit of family allowances, of an ingenious institution: the Compensation Fund.

Until the war the extension of family aid had met with numerous difficulties. In the first place, if the employer in addition to the regular pay was obliged to furnish to the heads of families in his employ allowances proportional to the number of their children, he would be tempted to eliminate the fathers of large families and to recruit his employees from among the unmarried or from the heads of small families. Thus the institution which was intended to help the heads of families would be turned against them and would expose them to the danger of dying of hunger.

In the second place the sacrifices imposed on employers who gave allowances might vary considerably from one enterprise to another, according to the greater or smaller proportion of heads of families among the employees. And thus it would sometimes happen that an employer who wished to fulfil his social duties towards his employees would find himself in a position of being

at a disadvantage, as against his competitors. Finally if each employer gave allowances out of his own pocket, a minor crisis might force one or other of them to suspend the payment of the allowance or to eliminate the heads of large families in order to avoid bankruptcy.

The compensation fund proposed simultaneously in 1918 by two French manufacturers, Mr. Romanet and Mr. Marcesche, disposed of these difficulties. Struck by the inconveniences attached to the direct payment of allowances to their employees these two manufacturers formulated a better plan; the employers in a certain region or belonging to the same line of manufacture were invited to combine to determine the scale of allowances to be made to their employees, and to establish a common fund, to which each employer would contribute in such a way as to divide the expenses justly and equitably; the amount to be contributed to this fund by the employers concerned would be calculated either in proportion to the amount of business done by each, or to the number of employees, or to the total amount paid out by each employer to his employees.

The last system is the one that has been most often adopted and which seems the most practical. It might be estimated, for example, that to make allowances to all the fathers of families working in the industries concerned in the fund it would be necessary that each of the employers should contribute to the fund one per cent of the amount which each pays to his employees. At the end of the week each employer would hand out directly to his employees merely the amount of their pay; then each would contribute one per cent of the total amount to the compensation fund which would pay out each month to the heads of families the allowances due to each. Thus all the employers would be on equal footing whatever proportion of unmarried men or fathers of families they might have in their employ.

A concrete example will make the case evident. Let us suppose two manufacturers each employing one hundred workers drawing apiece $30.00 a week; let us suppose that the employees in the one case should consist of unmarried men alone, and in the other case of fathers of families. If both contributed to the same fund at the end of the week each of them would pay out a total of $3000 to his employees, and one per cent of this amount, namely $30.00, he would remit to the compensation fund.

From the moment that this practical solution was adopted the application of the system of the "family allowances" increased so rapidly as to surpass any other social institution of the kind. As early as 1924 the principle was adopted in Belgium, Germany, Holland, Austria, Poland, Norway, Sweden, Czecho-Slovakia, Jugo-Slavia, Denmark, Finland, Switzerland, Italy, England, and recently Australia and New-Zealand made them compulsory by law. At the present time nearly all the European governments are giving "family allowances" to their employees and the larger municipalities are beginning to do the same.

But it is in France that development has been most rapid. Besides the allowances furnished by the State and the municipalities, there were last July 210 compensation funds in which were associated 16,200 employers having 1,420,000 employees and paying out 230,000,000 francs a year.

The scale of allowances furnished for each child is rising each year. For the last financial year the official report gives the following figures:

For the 1st child, 27 francs a month.
For the 2nd child, 40 francs a month.
For the 3rd child, 48 francs a month.
For the 4th child, 66 francs a month.
For the 5th child, 69 francs a month.

According to this scale the father of a family of five children receives 3,000 francs a year which, converted into our money, and placing the franc at four cents, is equivalent to $120.00. This sum may appear small but if we consider that in France the franc has a purchasing power greater than that of four cents in Canada, we may conclude that the amount is a substantial help to the father.

But all French sociologists admit that the present average rate is not high enough, and there is a tendency to raise it to the rates allowed by the State and by the funds in the great centres, and which are as follows, according to the number of children: 60 frs, 90 frs, 90 frs, 100 frs. This brings in to the father of a family of five children 5,280 francs of extra income a year.

To these monthly allowances most of the funds add birth allowances varying in amount from 200 to 450 francs. There are also nursing allowances to mothers who nurse their own children.

Finally to complete the family allowances the funds provide

for what are called supplementary services: visiting nurses, consultations before and after the birth of the child, infant hygiene, medical and surgical intervention, hospitals, preventive medecine, air cures, holiday camps, sick benefits, illustrated periodicals for families, etc.

When it is considered that all these measures were initiated of their own accord by French employers one cannot help admiring the breadth of view and the generosity with which they cater for the comfort of their employees.

But French effort in behalf of the family does not end there. If we add the state allowances, the aid furnished by departments and districts, the reductions in railway fares, tax exemptions, we find that the help given to families in France amounts to nearly 2,000,000,000 francs annually.

— VI —

ARE FAMILY ALLOWANCES NECESSARY IN CANADA?

There is one principle admitted by all economists as beyond dispute: namely, that the economic system in a community which pretends to be highly civilized should be so organized as to procure generally to all classes of citizens, but to fathers of large families in particular, sufficient means to live decently. Poverty ought not to be the usual condition of a section of the population.

There may be unusual cases resulting from accidents which the community can neither foresee nor prevent: the premature death of the breadwinner, fire, inability to work as the result of illness, infirmities, etc. It is admitted that such cases fall into the domain of charity. Yet progressive communities try to provide for even such unusual cases by encouraging insurance or mutual benefit societies or even by establishing obligatory insurance funds.

This forethought for unusual cases receives the unanimous approbation of sociologists and every government is actually legislating according to this principle.

The community should therefore be all the more ready to provide for the case of the large family; which is not an unusual condition, but is the blessing of God on husband and wife who are faithful to their consciences and to the natural law. It is even, as we have shown, a necessary factor in the prosperity of a nation. It follows that a country in process of development and which has resources and lands to develop, must not only assure the existence of these numerous families, but favor their multiplication.

There remains the question of how to obtain the result. It may be taken for granted that all of us are opposed to the idea of the "State as head of the family". It is not therefore by taking directly in hand the care of the children and their education that the state will fulfil its mission, which is to furnish the general means of prosperity and to encourage private initiative.

The duty of helping large families is incumbent in the first place on those who reap the greatest share of the benefits rendered by them to society. We have seen that these benefits consist especially in ensuring the existence and prosperity of the nation by furnishing it with a large number of workers and consumers. It is therefore the capitalists, the employers, the manufacturers and the merchants

who reap most benefits from the large families. Let us suppose for instance that population should dwindle as a result of the elimination of families of four or more children. What would become of the industries and of the various companies which constitute the economic framework of a country? The shrinking of the market and the parcity of workers would infallibly entail bankruptcy on some of them and hamper the prosperity of the others. What induces capitalists and business-men to launch out into new undertakings or to develop existing ones is the assurance that the population of the country will maintain its level or even increase. It is therefore a matter of self-interest as well as a matter of duty for them to provide for the family, since by doing so they assure a necessary factor to their own future prosperity. To maintain otherwise would be to suggest that capitalists and producers, if we go to the bottom of things, owe their prosperity to the charity of the public. It seems to us that Canadian employers have too much innate pride to receive charity even indirectly.

But the duty of helping the family does not devolve on a particular employer in regard to a particular family, even if the head of that family is actually in his employ. For he holds no guarantee that the children of that worker will eventually be in his employ, or be among the consumers of his products. It would be clearly impossible for an employer who might soon withdraw from business, or be obliged to do so by the force of circumstances, to estimate the amount of service which will be rendered him by his employees' children or by their future families. Not knowing the extent of this future service he will be unable to estimate the extent of his duties. It is therefore clear that the service rendered by fathers of families is a general service rendered to industry in general. It ought not therefore to be remunerated by pay which is the recognition of a determinate service. Besides, wages by its very definition is a remuneration for work due in virtue of commutative justice; whereas commutative justice demands equality between what is given and what is received; an employer therefore satisfies justice by giving the same pay to the father of a family and to the unmarried man.

It is not therefore solely by the pay they give that Canadian employers can fulfil their duty towards the family. And we can

imagine no more equitable means of completing it than by the institution of "family allowances".

But it may be asked, whether the economic situation of Canada is such as to demand the proposed corrective? The necessity of the allowances has been clearly established by the situation in countries less prosperous than ours. Are we not objects of envy by reason of the wonderful prosperity of our commerce and industry? Is it not admitted that living conditions in Canada are on a higher level than in European countries? If *family allowances* are necessary where poverty exists, are they necessary in a rich country like Canada where easy circumstances are general?

In order to answer this question it will be necessary to consider briefly the wage situation in Canada. This study will lead us to the conclusion that *family allowances* are necessary here as elsewhere; it will serve as a guide, moreover, when it shall become necessary to decide the extent to which they should be applied.

The minimum wage of adults should be fixed on the basis of the needs of a moderate-sized family. This is a principle which economists, legislators, employers and employees seem to admit unanimously, at least by implication. The family wage thus understood is at least considered as the goal towards which we must work, and which should be realized as soon as economic conditions shall allow.

Is the family wage a reality in Canada or is it still but a far-off dream?

It is comparatively easy to give an exact answer to this question. For several years past the Canadian Government, following the lead of other countries, has been publishing every month in the "Labor Gazette" the average budget of a family of five persons, taking retail prices as a basis. For the year just passed 1927, the amount estimated by experts fluctuates round about $1,100. As this amount includes only food, rent, heating and lighting, the compilers point out that in order to have a complete budget it would be necessary to add fifty per cent to the official figures. Which means that the real budget of a family of five persons in Canada in 1927-8 comes to about $1,650.

Several publicists have tried their hand at completing this budget in detail. Miss Margaret Gould, in "Social Welfare" for November, 1926, arrives at a total of $2,160. She had evidently

in view surroundings in which the scale of living is higher than the average which obtains in Canada. Mr. Joseph Comeau formerly agent for the "Catholic Guilds", after instituting enquiries among workers' families of average condition, fixes on a budget of $1,937. Mr. Georges Pelletier, in an essay on the "Family", read at the Social Week of 1923, fixes on a minimum budget of $1,700, and Mr. Arthur St-Pierre on the same occasion proposed the sum of $1,768.

All these budgets were worked out on the basis of the incomplete budget of the "Labor Gazette".

The Montreal Council of Social Agencies has remodelled this entire budget independently. The results of the Committee of Enquiry published by Mr. G. B. Clarke last January indicate a more moderate figure. They estimate at $1,101.76 the budget of a family of five persons and they enumerate in this several items which find no place in the governmental budget, such as clothing, education, transportation, etc. But the compilers of the budget take no account of extraordinary expenses, nor of those which are not common to all families, nor of those which vary considerably from one family to another. Thus no mention is made of medical fees, drugs, assurances, church and charitable expenditure, union and society fees, recreations, tobacco, dainties, stationery, renewal of kitchen ustensils, furniture, bedding, underclothing, etc. The estimate of $1,101.76 forms but a very incomplete budget and several hundred dollars would have to be added to represent the real expenses of a family of five persons.

There is also the Family Budget prepared and published by Mr W. J. Hushion of Montreal which shows an annual cost of $1,800. for a family of five persons. To quote from this budget: "Each item was tested for accuracy by men and women who are actually living under conditions such as prevail in any working class district in Canada to-day." In his investigations Mr. Hushion tried to get down to the cost to an average family to *merely exist*, and he came to the conclusion that by the elimination of many things considered indispensable to healthy living it was possible for a family of five to exist in an urban centre on $1,200. per year.

Special attention should be paid to the question of insurance policies. In calculating the annual family budget, many do not take that item into consideration. We think that this is altogether wrong. To-day, insurance is recognized by all economists as

one of the best social institutions now existing; it is considered an efficacious means of forcing people to practise economy, and of averting poverty and misery from the family, in case the wage-earner should die. Without insurance policies, such families generally rely on public charity for support.

If insurance is a good institution, it should be good for those who have the greatest need of it, viz., those families that are entirely dependant on the daily wage of the father for a living. We therefore hold that the annual family budget should include at least $100.00 for insurance policies, and that wages should be so calculated as to allow for the payment of that sum in annual premiums.

It may be said that all these figures are exaggerated and the names of individual heads of families will be quoted as receiving a wage less than the proposed budget and who yet manage to support their families in spite of occasional expenses for luxuries. It may be admitted that cases are met with where, thanks to marvels of economy, families manage to exist without dying of hunger on revenues less than the budget established by experts. But we would reply in our turn that on closer inspection the cases cited do not invalidate our conclusions. These heads of families either have children at work and dispose of a total wage higher than the budget, or else they don't pay their rent or they are running up accounts with the physician, the grocer, the butcher, etc., and if we were to look more closely, we should find that the supposed marvels of economy have as corollaries high infantile mortality, rickets and tuberculosis among the children or their offspring, to say nothing of temptations to immorality and hatred of society engendered by the state of want in which the children are brought up.

Are the wages of workers in Canada equivalent to even the most conservative family budget? The last complete official figures available in this connection are those of 1925. In the last investigation made among the seventy-five principal industries of Canada, the average wage of workers was only $971.00. This figure has not sensibly varied since that time.

Doubtless the low level of this average may be explained by the fact that the industries investigated employ a fairly large number of boys and girls who do not receive a full wage. By leaving out the workers under twenty-one and the women, we should

doubtless find a higher average of pay for adult males. But let us realize that in order that a wage should deserve the name of a family wage it is not sufficient that the *average salary* of adults should equal the family budget for five persons; it would be necessary that the *minimum wage* of adults should produce a revenue sufficient for the support of the average family.

Now it is certain that with the exception of certain organized trades, the bulk of adult wage-earners do not at present receive this minimum wage. And this is generally the case for day-laborers and unskilled workers. I invite my readers to make a personal investigation; they will not fail to ascertain that a large proportion of adults earn less than $1,200. According to a personal investigation carried on by Mr. Arthur Saint-Pierre in 1923 among the four following industries: boots and shoes, rubber, pulp and paper, biscuit-makers and confectioners,— it appears that 83 per cent of the workers received less than $30. a week, 66 per cent less than $25. and 41 per cent less than $20.00.

Now these industries according to Mr. Saint-Pierre are not exceptional, and the workers are not particularly badly paid. Some might be found that pay a better wage, but on the other hand there are some which are much more poorly paid.

We may conclude that Canadian industry — and we might say the same of commerce — does not sufficiently provide in a great number of cases for the needs of even the small family. This, we believe, is the principal reason for the lowering of the birthrate and for the exodus of Canadian citizens to the United States.

Canada is undoubtedly a prosperous country. During this anniversary of Confederation we have been ringing the changes on this theme. Much money is being made here; but it is a handful of capitalists and higher officials who are reaping the profits. An important section of the population is vegetating or emigrating, and we are faced with the anomaly of a country which boasts of being one of the foremost countries in the world in the amount of its commerce per head of the population, which has the highest favorable trade balance in the world, which has unlimited undeveloped lands and resources, but which, nevertheless is being drained by the highest rate of emigration in the world: 135,000 per year from 1921 to 1926.

This exodus will be accentuated and the birthrate will continue

to diminish as long as the country, and the employers in particular, fail to do their duty towards the families. It would be necessary to increase the wages of an important portion of the workers from 40 to 50 per cent.

Is such an increase possible without destroying industry and commerce? If it is possible, under what conditions could it be realized? This is the question we shall study in the following chapters.

— VII —

IS WAGE-INCREASE ACTUALLY POSSIBLE? WOULD IT BE ADVANTAGEOUS TO COMMERCE AND INDUSTRY?

In order to reach the level of the family wage, it would be necessary to raise by forty to fifty per cent the salary of a considerable number of Canadian workers. This is the conclusion that follows from official government statistics. An inquiry made in Australia in 1920 revealed a similar situation : The family budget there was estimated at $29.00 a week, at a time when the minimum wage was $19.25. Therefore it would be necessary in that country also to increase the wages by fifty per cent.

But is such an increase possible ? To a similar question, proposed by the Prime Minister of Australia at the outcome of the inquiry, we have just spoken of, the government statistician replied that this increase would be absolutely impossible; because even by distributing to the working population the entire value of all the merchandise produced in the country a fifty per cent increase would not be attained.

This point seems evident. The share of profits, coming to the capitalists and contractors, compared with that which the worker receives in salary, is far from being as high as it is ordinarily supposed to be. Certain industries, such as mining, are subject to considerable variations and may show at times exceedingly high profits. But if we consider the mass production of a country, the profits represent but a small percentage of the total value of the products. An inquiry made in Germany in 1920 in sixty-six big concerns of a total capital of two billions and a half of marks, revealed that the relation of profits to wages was 8.9 per cent.

Like conclusions have been established for England and the United States. On the supposition that the proportion of profits to wages was in Canada 15 per cent,— a figure which would certainly be excessive — and all the profits were turned over to the workers from the entire value of products, we should certainly be far from reaching the forty to fifty per cent required in order to attain the standard of the family income. In order that employers should make a reasonable profit it would be necessary to increase the price of goods; but this increase would necessarily produce a

proportional rise in the cost of living, and we should find ourselves in the same situation as before. And besides a death-blow would be given to national industry. Canadian producers, most of whom find it hard to meet foreign competition, would be unable to keep up the struggle.

It would be a mistake, however, to believe that every increase of wages has for invariable result, an increase in prices and a proportional increase in the cost of living. It would be sufficient to consult any treatise on political economy to find the contrary. In France, during the nineteenth century, wages increased by 175 per cent while the cost of living rose only 40 per cent. It was the same before the war in the majority of the great industrial countries. The fact is that the increase in wages, under certain conditions, can become a factor in the lessening of the cost of production.

It will be useful to review briefly the situation of American industry, because it is typical and will prove to Canadian employers that it is in their interest not to keep wages as low as possible, but on the contrary to raise them as high as possible.

It may be asked how it happens that in the neighbouring Republic wages that were 199 in 1920 (compared to 100 in 1914) were raised to 238 in 1926, whilst prices went down from 226 to 150.

Mr. M. Detœuf in an article published in the "Bulletin social des industriels chrétiens" attributed this remarkable showing especially to manufacturing on a large scale rendered possible by the high wages paid to workmen. Here is the explanation. Manufacturing on a large scale diminishes considerably the cost of production and permits the selling of goods at a lower rate, while paying higher wages. It is easily understood that a nation with a large population can produce on a higher scale than another. Yet the population of the United States is scarcely three times that of France. The production of American manufactures ought to be at most three or four times that of France; the fact is however that the proportion between the two countries is from fifteen to thirty to one in all lines.

"There is therefore a factor to be considered other than population" concludes M. Detœuf; "and that is high wages. The minimum wage in the United States is, on a gold basis, five or six times the minimum wage of France. The general index figure of the cost of living is a little less than double the index figure general in France.

Thus the poorest American is from two and a half to three times richer than the poorest Frenchman.

The American workman has a buying capacity equivalent to that of a foreman in an ordinary industry in France, or that of a road or bridge engineer, or a good country physician. Thus objects which in France are within reach only of people in comfortable circumstances are, in America, within the means of the lowest worker. In the latter country half the workers at least have their wireless outfits, their telephones, their vacuum cleaners and their automobiles. They will soon have their refrigerators. The level of comfort, so to speak, of the one country as compared with the other is in the proportion of the whole people of that country as compared with a restricted portion of the middle class in the other. Thus are explained these figures which appear paradoxical."

Moreover high wages ensure a greater output on the part of the worker and consequently an additional increase in production. First of all the American workman, who knows that high wages depend on high production, understands that it is to his interest to produce more in order to be better paid. On the other hand production on a large scale allows greater division of labor, more rapid execution of the work confided to each workman and consequently an increase in output and production. Finally as production is increased, machinery is perfected, and manual power is increased tenfold.

It may be seen therefore that employers as well as employees have an interest in the progressive increase of wages, because, by increasing the workman's power of buying, they extend the market and make possible, the increase of production on a large scale, thus diminishing the net cost.

We are correct therefore in affirming that an increase in wages does not necessarily entail an increase in prices and in the cost of living.

— VIII —

IS WAGE INCREASE POSSIBLE IN CANADA? TO WHAT AN EXTENT AND UNDER WHAT CONDITIONS?

Wage-increase is desirable in the interests both of employer and employee. But is it possible? To what an extent and on what conditions?

We quoted in the preceeding chapter the example of the United States. But it would be illusory to think that the wage of the Canadian worker can be actually raised to the American standard; for the American producer enjoys many advantages over his Canadian competitor.

We stated in the preceding chapter that high wages are due to extensive output, and that the latter depends on the extent of the market. Now the population of the United States is more than twelve times that of Canada; and if we consider the actual buying capacity of Americans it will be no exaggeration to affirm that American producers have access to a market twenty times as large as ours.

Moreover, in the United States, the cost of transportation from factory to consumer is considerably less, and besides coal and gasolene are cheaper for Americans, since they are not imported.

The American manufacturer can therefore produce at a much lower cost while paying higher wages than in Canada. Despite this enormous advantage, the United States have been forced to change their policy of free trade and to protect their industries against European competition by a high tariff wall. And besides, there is a limit to wage-increase and to intensive production even in the United States, and experts predict that before long American employers will be forced to make substantial wage-reductions. In certain industries, textiles for example, wages have already been cut down, while certain factories are open 3 or 4 days of the week only, which represents a wage-decrease of from 30 to 40 per cent.

Those who nurse the hope that in the near future wages in Canada will rise to the American standard would do well to remember the fable in which the frog wished to become as big as the ox. Not that we must cease aiming at higher wages, provided that this be done in such a way as not to jeopardize industry and

commerce. The workers would be the first victims even if business were merely to diminish without actually ceasing.

How then are wages to be raised? Before suggesting the solution it will be well to draw a distinction between the flourishing industries that yield great profits to the shareholders, and the industries that can barely sustain competition, that scarcely make expenses or that pay only moderate dividends to the shareholders. For the first class a sudden wage-increase would entail no inconvenience. The directors of such industries do not fulfil their social duties and do not foster the real interests of the industrial class by maintaining wages below the standard family wage.

With regard to the other classes, wage-increase can take place only gradually, following the development of the market. A sudden increase would bring them face to face with ruin.

Let us suppose for a moment that an industry of the latter class should be forced suddenly to increase wages by 10 per cent. Two modes of action would be open to the employer: to increase proportionately the price of his wares; but by so doing he would lose his market and face bankruptcy; or again to maintain his prices while lowering the cost of production. But how? By diminishing the number of his employees, while requiring increased production from the remainder? This would be impracticable. The only alternative would be to improve his machinery and increase production. To cover the expenses entailed by improving machinery and increasing wages, the employer would have to increase production by at least 100 per cent. But as population does not double overnight, the producer will find no market for his surplus products; he will thus run the risk of keeping them on his hands and going into bankruptcy.

The industries realizing but moderate profits, cannot therefore, without risk of destruction, increase wages otherwise than gradually as population increases and markets improve. But in the meantime how will workers with large families manage to exist on wages insufficient even for a small family?

Family allowances offer the necessary solution. In fact, as long as the worker with a family has no other income than his wages, employers are subjected to great pressure by demands for wage-increase. Even when wages are high, there is always a certain number of heads of families for whose needs they are inadequate and who allege their poverty in order to claim a readjust-

ment. If the employer is forced to refuse, there follows a state of uneasiness and discontent and often of ill-will between employee and employer; if the employer yields, he is forced to raise the rate for all, even for those whose wages are more than sufficient for their needs. But why not raise the wages of the heads of families only, it may be asked? Logically employers cannot do so; since wages are the price of labour, the unmarried workers and those whose family burdens are light might urge upon the employers that, since they do the same amount of labour, they have a right to the same wages. The employers would not be able to withstand the logic of this argument nor, consequently, to avert the inconveniences resulting from a sudden wage-increase.

On the other hand if the *family allowance* system be already established the pressure for higher wages is considerably lessened; wages can be raised gradually and in the meantime no portion of the working class will be forced to live in poverty.

But it may be urged: if employers cannot, without facing certain ruin, consent to a sudden wage-increase, how will they be able to meet the enormous expenses necessitated by the allowance system?

This is not a difficult problem, since the allowance budget is trifling as compared with the amount paid out in wages. Experience has proved that the compensation funds, as applied in France and Belgium, afford substantial allowances at the trifling cost of 2 or 3 per cent of the amount paid out in wages. And where the system is applied most generously, never have allowances risen to more than 5 per cent of the wages. And yet allowances are made to all the children in their parents' charge, beginning with the first; and some even include an allowance for the mother. Given the wage situation in Canada it would be sufficient to start the allowances with the *third child;* such, at least, is the opinion of those who are familiar with this social question in Canada. By thus omitting allowances for the first two children of the family more than half the children are excluded. The amount paid out in allowances would therefore be less than 2 per cent of the amount paid out in wages.

The advantages of the system will be more easily grasped if we take concrete figures. More than $2 billion dollars is paid out in wages annually in Canada. To provide adequately for the needs of heads of families by a general increase in wages would

entail on employers a wage-increase amounting to $400,000,000 or $500,000,000 yearly. To obtain the same result through the allowance system, less than $20,000,000 would be required. And we shall see that it is possible to solve the family question while imposing still smaller sacrifices on the employer.

The allowance system would not merely solve the important family problem; it would further have the incomparable advantage of hastening the development and prosperity of the country, for :

1° It would cause a more rapid increase of population by raising the birthrate; experience has taught that in Europe the allowances system has had that effect everywhere; it would put a definite stop to the exodus of families, and retain in Canada a larger proportion of our immigrants. It would also hasten the return of Canadians from the United States, thus rapidly extending the Canadian home market.

2° This extension of the home market would favor increased production, thus diminishing its cost and the consequent cost of living, and rendering higher wages possible; whence would result an increased buying capacity and a further extension of the market in Canada.

3° Since higher wages will coincide with decrease in the cost of living, the real wage-increase will be doubled. If in 10 years, for instance, wages go up 10 per cent and the cost of living goes down 10 per cent, the revenue of the workers will have been raised 20 per cent.

4° Finally the case must be foreseen in which wages must be cut down in all or in certain lines of industry. This occurrence is possible since foreign competition may force Canadian producers to lower their prices; or again surplus production may force manufactures to close down one or two days a week, which would involve a 30 or 40 per cent decrease in income. Such a lowering of income would entail no serious consequences on the unmarried or on those whose burdens are light; but it would be severely felt by fathers of large families who would be reduced to poverty and be dependent on charity.

Family allowances would avert such calamities and make it possible to tide over the severest economic crisis without involving a portion of the working classes in untold privation.

We therefore advocate the institution of family allowances as a sure means of raising wages gradually and, at the same time, of

reducing the cost of living: and this without in any way hindering the progress of industry, so that the most worthy citizens may be enabled to render becomingly to their country the fundamental service of ensuring its existence and its prosperity.

If employers were to see in all this merely a means of maintaining salaries at the lowest possible standard, we have no hesitation in saying that they would be working against their own best interest. In fact, we have already proved it. They would also thereby help to root more surely in the minds of the workers the prejudice implanted by revolutionary agitators, that the interests of the employee are essentially opposed to the interests of the employer, a prejudice which leads the workers to aim at the highest wages for the least amount of labour. Wage-increase in the United-States has had an entirely opposite effect on workers to the great advantage of employers, that of increasing production in order to obtain higher wages.

We therefore believe, for the reasons stated above, that the *family-allowance* system instituted by business-men, propagated by business-men, welcomed, favored and adopted whole heartedly by business-men in almost all the countries of Europe and of several sections of the British Empire (England, Australia, New Zealand) has nothing to startle the business-men of Canada even if they were called upon to bear its entire cost.

We are going to show that the system of family allowances may be adopted in such a way as to solve more perfectly the problem of the family, while diminishing the burden of employers. But we would first show one phase of the problem of large families which applies particularly to Canada as emphasizing the importance of adopting a system of family allowances.

— IX —

OUR SYSTEM OF TAXATION DEMANDS THE ESTABLISHMENT OF FAMILY ALLOWANCES

In all fairness, every citizen must contribute to the general welfare of society, *each according to his capacity.* Justice requires, therefore, that legislators, when fixing the assessment of taxes, should attend to the financial conditions and, consequently to the family burden of the taxpayer. It is quite clear that the citizen whose income exceeds his needs has a greater taxpaying capacity than the citizen who depends wholly on his day's work for the necessities of life. On the other hand, with equal incomes, a father of a family has less means of paying taxes than a bachelor; and besides which he contributes in a special manner to the general welfare of society by the mere fact of raising children.

This sound principle, which the individualistic tendencies of the last century contributed to eliminate from legislation, now receives a closer attention on the part of modern legislators, especially since the world war. One has but to study the fiscal history of Great Britain, of France, of Belgium, of Germany and of Italy for the last few years to notice the tendency of legislators to exempt citizens who have large families from taxes of any kind. This has been comparatively easy because a very large proportion of the revenues of European countries is derived from direct taxation, levied against all their citizens. So that all they have to do in order to alleviate the family burden is to exempt in whole or in part the individual taxes.

Unfortunately, the principle of reducing taxes in favor of families has not found so extensive an application in Canadian legislation. The federal authorities apply it in a very narrow measure and only to those who pay the income tax; in other words, it is restricted to a very small minority of Canada's total population. This is evident from the fact that less than 200,000 citizens pay the income-tax.

But so far as the great masses of the people are concerned there is no tax distinction made in favour of the heads of large families.

Nay, as a consequence of our fiscal system, we are facing the peculiarly anamolous situation that in Canada the burden of the tax does not, as justice demands, decrease with the advance of

family expenses, but rather increases with them. As a result, the tax-contributors of the largest class of Canada's population find that the more their means decrease, the more their taxes increase.

This strange condition comes from the fact that the government of Canada derives the larger part of its revenues from the taxes on commodities. This mode of collection, while it has its advantages in its low cost and in not being so easily noticed by those who have to pay, unfortunately bears very hard on the large family with its many commodity wants: the burden of taxation being increased in proportion to the size of the family. It is clear that the family of twelve or fifteen consumes more than the bachelor or the small family and consequently pays more taxes.

This inequality lacks justice, and the wrong done is the more noticable because the large families are those which are the most useful to society in the very building up of the nation.

Unless we change our present fiscal system of taxing commodities to that of direct taxation, there are no direct means by which federal authorities can relieve the harassed father of a large family from his extra share of taxation.

There is no hope that our government will consent to perform such a radical change in our fiscal legislation. On the contrary, a strong effort is actually being made to force the government to diminish, if not to abolish entirely, the only direct tax at present in force, namely, the income tax. This suppression would involve an extension of taxes on commodities and therefore increase the charges of the heads of families.

Yet our legislators acknowledge as equitable the principle of reducing taxes in favour of families, since they apply it to those who pay the income tax. But this sound principle, as already stated, refers only to the wealthy class and has no effect on the family of limited means.

We would ask, then, if the State has fulfilled its duty in allowing fathers of the less fortunate class, who must provide from day to day the necessities of life for their families by the sweat of their brow, to pay heavier taxes than bachelors, or childless married couples, of the same class.

Are we saying too much in suggesting that, if the government

cannot re-establish the proportion by direct taxation, it should have recourse to the medium of the family allowance? It would be the only means by which our legislators could restore equality of responsibility in the community and to lighten the excessive family burden.

— X —

UNDER WHAT FORM SHOULD CANADA ESTABLISH THE SYSTEM OF FAMILY ALLOWANCES?

We have made good our claim that the establishment of the system of family allowances is necessary in Canada. It now remains to decide under what form and in what measure it should be applied. This new institution may well receive various forms. As a matter of fact the countries in which it has been adopted have not all applied it in the same way. It would therefore be wise to profit by the experience of others and establish the allowance system in the manner most suitable to the needs of this country.

We contend that the method adopted by private concerns in Germany should be rejected a priori. The allowance system has already spread very widely in that country. It has been adopted in the public services, in chemical and mining concerns, in the textile, paper, paste-board and celluloid industries, in the railroad and tramway companies and been accepted by half the remaining industries as well. But in most cases the firms pay the allowance directly to the employee, without having recourse to the compensation fund. This explains in a large measure the opposition of numerous labor organizations, which see in the system adopted the danger of favoring the exclusion of heads of families for the benefit of the unmarried.

The compensation fund system has not the foregoing inconvenience, and is the method adopted by private concerns in Belgium and France. So far no law has made the payment of allowances obligatory. Employers are free to establish funds of their own, or to subscribe to funds already in existence, and each fund has full liberty to make regulations as to rates, ages, and conditions to be fulfilled before a right is acquired to allowances. This freedom of action has the advantage of favoring private initiative and of obviating the necessity of having recourse to the State. It also permits the adjustment of allowance rates to the needs of different districts and industries. As a matter of fact the cost of living and the minimum wage are subject to considerable fluctuations according to the surroundings and the industries concerned; and the system of different funds for city and country and for

different industries is more adaptable than a definite tariff fixed by law for the whole land.

On the other hand the system now in force has inconveniences of its own which seem to more than counterbalance its advantages. With the voluntary system some employers will certainly refuse to subscribe to any fund. Some heads of families will therefore be deprived of the benefit of allowances, and as a consequence will turn in large numbers to the concerns which give them, thereby increasing their expenses. Such employers as are willing to fulfil their social duties will thus be at a disadvantage in competing with rival firms, whereas the others will reap benefits from their own selfishness.

Secondly, the funds, if left optional, do not adopt uniform regulations. Allowances, therefore, may vary considerably in amount in the same district according to the generosity, or the greater or lesser resources of the employers subscribing to the different funds.

Finally, the most serious inconvenience of the voluntary system, that which has caused many competent economists to desire in its stead the compulsory system, is that only wage-earners benefit by it. Being organized by employers the funds provide only for such heads of families as work for the subscribing employers.

Now this limiting of the allowances to the wage-earning heads of families alone, is opposed to the very principle of allowances. These allowances are not a remuneration for labor and cannot be looked upon as wages or sur-wages; they remunerate services of a totally different nature, rendered by heads of families to society and to employers. As a matter of fact the right to wages may exist without any corresponding right to allowances, and conversely. the right to allowances may exist without any corresponding right to wages. If the right to allowances were conditional on the actual earning of wages, the following anomaly would result: namely, that the head of a family would lose his right to allowances if he were to fall ill or become incapacitated from work. Moreover widows burdened with children, tradesmen and producers on a small scale, whose condition is often as precarious as that of workers, would be ineligible.

There is one class especially which has not hitherto benefited by the allowance system, and which should be included, and that is the farmer. If there is one section of the community which

more than another contributes to the life, and prosperity of the country, it is certainly the farming class. It is among them that the largest families are to be found, and the soundest likewise both physically and morally.

Now for many years past attention has been drawn to a great evil threatening us, the abandonment of the farm with all its dire consequences; drying up of the soundest and most fruitful source of the country's life, the arrest of agricultural development and a surplus of laborers in cities, causing enforced idleness and lowering of wages.

All Canada, and more especially the provinces of Ontario and Quebec, have felt its effects. In 1901 the whole of Canada had 625 rural as against 375 city residents, whereas in 1921 there were but 505 rural against 495 city residents. In the Province of Quebec in 1921 the city residents had the advantage over the rural, in the proportion of 560 to 440. Since that date the proportion has probably grown larger. According to the statistics of Mr. G. Marquis, head of the bureau of statistics for the Province of Quebec, agriculture is actually going through a crisis; the prices of agricultural products have gone down to the level of the period before the war, whereas the cost of living remains 50 per cent higher than it was in 1914. If agriculture continues to pay less than before the war, how will farmers be able to resist the attractions offered by the cities in the matter of comfort and pleasures? The fascination will prove irresistible to the farmers with large families, as soon as they realize that the city workers receive a wage-supplement which allows them to live in greater comfort. This unfortunate reaction on the farmers has already been noticed in France.

Who can blame the farmers? They reason logically: *family allowances* are a remuneration for services which they themselves are rendering to society in their capacity of fathers of families; they have therefore the same right to allowances as others have; if they are denied them in the country they will go to the cities to seek them.

For all these reasons several Canadian sociologists hold that if *family allowances* are established in Canada, they should be extended to farmers also; some have even gone to the length of affirming that the farmers should be the principal beneficiaries, and that if any distinction be made, the allowances should be

more generous to the farmers, in order to keep them on the land and to enable them to establish several of their sons on farms.

This opinion is not shared by all students of social questions in Canada. According to some, farmers are in less need of help than workers in bringing up their families, and furthermore the evolution of society has interfered less with their earning powers.

This is a question to be debated by economists. But all are agreed on one point at least, and that is, that if the system of *family allowances* is not extended to farmers, it will be necessary, in order to check abandonment of the farm and emigration, to grant them equal advantages in another form : the creation of funds for the establishment of farmers' sons and the granting to Canadian colonists of terms at least as favorable as those which are accorded to British immigrants; reductions in railway fares, lowering of taxes, etc.

— XI —

THE SYSTEM OF FAMILY ALLOWANCES AS EXPOSED BY BELGIAN ECONOMISTS

In place of the voluntary system Belgian economists and numerous French sociologists are in favor of substituting a compulsory one, by means of a law, extending these allowances to all classes of society indiscriminately. As early as 1920 such a law was proposed in France by a Mr. Bokanowski, but it was so imperfectly drafted that French employers found no difficulty in defeating it.

Belgian and French partisans of legislative intervention will find it hard to make their opinion prevail. At present they are facing an opposition, easy to understand, from employers who have already put into practice the system of allowances. Having joined the movement of their own accord the employers by their spontaneous action have deserved well of the public and of their employees. But should the law of allowances be enforced, they fear the loss of that public sympathy which their disinterested conduct has won for them. Henceforth, the workers will look upon these allowances as their due, and not as an act of generosity on the employer's part. Finally the employers are now absolute masters of the compensation funds which they can manage as they please. Should allowances be extended to those who are not wage-earners, the need might arise of changing the organization and thus deprive employers in whole or in part of a power they now possess.

These fears are not altogether groundless. Yet employers deceive themselves when they imagine that the voluntary system is better calculated to win the workers' good will. This semblance of generosity, which employers wish to attach to the idea of allowances, is precisely one of the principal reasons which excites the opposition of many of the workers. For them, the system smacks too much of dependence on charity. Some even see in the employers' action hypocrisy; that they pride themselves on their generosity, when facts show that the system of allowances is more advantageous to them than to their employees. The justice of this contention must be admitted in the case of employers who consider these allowances as a means of maintaining wages at a low level.

Employers would seem to be wrong in considering the payment

of allowances as an act of pure generosity. Equity demands allowances from capitalists and employers for the benefit of fathers of families. And we are convinced that employers will not lose a particle of the good will of the labouring class by frankly permitting allowances to be made compulsory by law, since this is the only means of arriving at a speedy and effective solution of the problem proposed.

Employers on their own initiative have already brought about the adoption of similar laws in other countries. In Australia, last March, the Parliament of New South Wales passed a law making obligatory the payment of allowances to the wage-earning heads of families. This law is based on the principle that the living wage of adults shall henceforth be such as assures the maintenance of husband and wife. In virtue of this principle a family allowance fund, supplied by the contributions of all employers, must give to the mother of a family an allowance of $1.25 a week for each child under 14 years; that is to say $65 a year per child.

This allowance appears high enough, but the fundamental principal of the law would seem open to discussion. It seems to us to be of advantage neither to the workman nor to the employer, nor to the country at large, to maintain the general wage at the level fixed by the law. It would diminish the buying capacity of the workers and consequently delay the extension of the market. We for our part should prefer that a wage sufficient for the needs of a family of five be kept as a goal to be reached and even surpassed as soon as possible, and that a law be passed making compulsory the granting of allowances, beginning with the third child in the care of the parents.

If allowances are to be restricted to wage-earners there is no reason why there should not be several funds, nor why they should not be administered, at least in part, by the employers. On the other hand should these family allowances be extended to non-wage-earners we do not quite see how several funds, controlled by the employers, could bring about the attainment of the end in view. Belgian sociologists propose the creation of a national fund to be provided by the central government, the provinces, the municipalities, employers, bachelors and married men without children, in proportions to be determined by experts. The cost thus shared by the different units would be insignificant for each,

and would solve in a much more perfect way the problem of the family.

This fund would be independent of politics, possess an autonomy at least equal to many of our public utility commissions, and be administered by the representatives of all the interested parties: government, employers and fathers of families.

In short, the problem of the family would be handled very much as the other problems resulting from old age, workmen's accidents, unemployment, sickness and premature incapacity against which, in various countries, compulsory social insurances have been established. These insurances exist already in Belgium and are provided for by means of a national fund supplied after the manner indicated above.

We already have something analogous in old age pensions, the funds for which are supplied by the Federal Government and each of the Provincial Governments. One might object that the Belgian plan with its single National fund could not apply to Canada. For Canada is a Confederation of Provinces, each having its own government with a limited sphere of action, within which each government has the power to legislate. Now it would seem that the constitution has reserved to each province the right over matters pertaining directly to the family. The Federal Government therefore by legislating in regard to family allowances and establishing a single National Fund would encroach on the rights reserved to the provinces.

On the other hand the proposed organization might evoke the opposition of certain provinces with a lower birth-rate, which would have to pay for others with a higher birth-rate.

Not being sufficiently expert in questions of Constitutional rights to judge of the value of the first objection, we present, nevertheless, a simple solution which should conciliate all: The Federal Government could, as in the case of pensions for the aged, pass an enabling act, leaving to the Provincial Governments the task of creating an allowance fund each for its own province. These funds would be supplied, arranged and controlled in the manner already shown. There would be nothing to prevent the meeting of those interested in the various provincial funds from time to time in order to adopt such measures and regulations as were best adapted to the welfare of the whole country.

Such a plan would be quite in keeping with the spirit of the

Constitution, and would settle the objections which might be brought forward by different Provinces.

But some may say this system of allowances, especially if extended to all children, would cost enormous sums and that Canada is not in a position to make the financial effort necessitated by such an undertaking.

— XII —

PROBABLE COST OF FAMILY ALLOWANCES TO CANADA

It would be difficult to get an approximate idea of what the payment of allowances for all the children in the care of their parents would represent for Canada. For this purpose it would be necessary to have statistics indicating the number of adults, of unmarried men and women, of childless families, of families having one, two or three children, etc.

Unfortunately, the third volume of the census of 1921 does not contain the needed details. With the statistics already at hand, however, together with those of other countries, we shall try to get an approximate idea of the real conditions. According to the last census, there were in Canada, in 1921, about 2,850,000 children under 14 years of age. If we were to suppose that the system of *family allowances* was already established and the average allowance $50 a year for each child ($40 for the first child; $60 for the second, and $80 for the third and following) the annual cost would amount to $142,500,000, a rather imposing figure it must be admitted. But we have already made it clear that in Canada the allowances need not begin before the third child. Such is the opinion of all the Canadian economists we have been able to consult. In France and Belgium, where the allowances begin with the first child, the trend of opinion is in the same direction. But in leaving the first two children to the charge of the family, the number of children for whom it would be necessary to make allowances is reduced by *more than two thirds.* The statistics furnished by the French and Belgian compensation funds enable us to put the rate of diminution at four-fifths.

If we lower it only by two-thirds, there would remain 950,000 children as beneficiaries of the fund. At $50 per child, the annual cost would be $47,500,000. This figure would also be too high. Let us retain it, however, in order to be sure that we are well above the maximum real cost.

Would Canada be able to find the necessary resources to meet such an expenditure? If this amount is charged to the community as a whole — for it is to society as a whole and not to employers

alone that fathers of families render the services already mentioned — the thing does not appear impossible.

We should arrive at this by supposing the fund as derived from the following sources :

The Federal Government	$ 5,000,000.
The Provincial Governments (rated according to population)	5,000,000.
The Employers	20,000,000.
Unmarried men	10,000,000.
Married men without children	2,500,000.
Municipalities	5,000,000.
Total	$47,500,000.

A study of these figures will prove that there is no exaggeration. At present the Federal Government dispose of revenues amounting to more than $400,000,000. Would it be exorbitant to ask it to turn over $5,000,000 annually for an institution destined to maintain and even to increase the birth-rate, to check emigration, and consequently to secure for the country at large more considerable revenues in the future? Let us suppose for the moment that the system of family allowances were in operation since 1900; *Canada would have to-day at least 2,000,000 more inhabitants than it actually has.* That is more than one-fifth of the present population. Proportionally there would be an increase of $75,000,000. in the revenues. Let us suppose an increase of only $25,000,000. Would not a Minister of Finance be making a good stroke of business for the country by giving out five millions in order to get a 25 million dollar return?

The quota demanded from the Provincial Governments would be $5,000,000. Here again if the system of allowances had been in operation since 1900, the amount expended would be greatly surpassed by the increase in the revenues. There would be at least 2,000,000 more citizens in the diffrernt provinces and the receipts of the Governments would, in consequence, be augmented by several millions annually.

A contribution of $20,000,000 on the part of employers would represent a little less than 2 per cent of the present wage-account, since the total amount paid at present by the various enterprises is considerably above the billion mark. This is a smaller per cent than European employers pay to wage-earners alone.

As to the unmarried men, they will undoubtedly complain that they are being fleeced. They will say it is an outrage to demand of them a contribution of $10,000,000 in taxes? Let us examine the case. The number of unmarried people who would be subject to this tax — namely, those over 18 years of age — is more than 2,000,000. The unmarried adults of both sexes number more than 1,500,000; the unmarried men are close to 800,000. It is on these last, and especially on all unmarried adults before the marriageable age that the burden of the tax should mostly fall. Even if they alone were subject to it, it would cost each individual only $20 a year, that is *40 cents a week;* the value of *two packages of cigarettes !*

For this class of citizens the *family allowances* would be of the greatest advantages. The Allowance Fund would be of the greatest advantage to them, serving as a sort of insurance fund into which they would pay a light yearly premium and receive at the end of a few years an amount five, ten or even fifty times as great as their disbursements. The idea of insurance has become so familiar in Canada as to make it quite possible to introduce that of family insurance. Everybody recognizes the fact that the annual premium is a most efficacious means of encouraging economy and it seems quite reasonable to pay a high premium in the hope of receiving within 20 years an amount just about equivalent to the amount paid in. Yet, in spite of the advice and objurgations of economists and wise men, young people will throw away their hard-earned money on frivolities; they seem to make no prevision for the future, and the great majority of them approach marriage without having saved anything. Thanks to the system of *family allowances,* young people will be forced by the government to save, at a period when they are prone to waste, with the prospect of receiving back many times the amount contributed, when they can use it only for a useful purpose. Is there any insurance company which offers such favorable terms to its clients?

Young unmarried people have therefore no just cause to fear the system of *family allowances.* On the contrary they should be its most ardent advocates, since they are destined to be its greatest beneficiaries.

It will be objected that there is no assurance to the unmarried man that he will ever have a chance to profit by the family allow-

ance fund. Many of them will never have any children or will recover only a part of the amount they have contributed. We answer that this belongs to the very nature of insurance. Millions pay annual premiums for insurance against fire or accidents, without the hope of ever receiving any return, and as a matter of fact, a large proportion of the insured never do receive any return. It is moreover the general situation with regard to the compulsory insurances against sickness, unemployment, incapacity, old age etc., which have been instituted in several countries of Europe. All adult workers are obliged to contribute to them, while only a small number actually benefit by them.

In regard to those who are determined to remain unmarried, solely with the view of avoiding all social obligations, it must be remembered that they are profiting by the state of prosperity created by a minority of fathers of large families who are shouldering the greater part of the burden of raising children; and they are contributing to raise the cost of living, by reason of the carefree life they are enabled to lead by reason of their freedom from family burdens. Is it not therefore just that they should help to lighten the burdens of those whose services render possible their own ease and well-being? Even if they should shirk this social obligation and emigrate to a country where the system of family allowances does not yet obtain, they will be but a small loss to the country since in any event there will remain no trace of them in a few years.

On the other hand if we should permit but one family of ten or twelve children to go into exile in order to retain the unmarried man, it will mean that the country will have lost 20 or 30 producers within a generation.

— XIII —

FAMILY ALLOWANCES AND WORKERS' ORGANISATIONS

Family allowances are a great boon to workers. In fact, this splendid idea was first conceived by employers and administrators who sought to help the most deserving section of the working class. It is not to be wondered at, therefore, that it should have received an enthusiastic welcome from all the associations interested in the welfare of the family.

Yet when first introduced, *family allowances* were not appreciated by the trade-unions of the various countries. Some of these latter in the beginning were manifestly distrustful of the movement but finally adopted wholeheartedly the principle of these payments and are now endeavoring to perfect their application. Others were frankly opposed to the innovation and their hostility has not yet entirely ceased. It may not be amiss to review the workers' organizations of the various countries and examine the reasons on which the opponents based their opposition to family allowances.

In France and in Belgium the establishment of allowances was at first looked upon with disfavor.

What the unionists of those countries aimed at above all was wage-increase, and they dreaded lest their efficiency for obtaining a general increase of wage should diminish, if the heads of families, who were especially interested in wage increase, should receive from other sources the means necessary to bear their family burdens. Allowances were looked upon by the unionists as a clever means adopted by the employers to create dissensions among the workers and thereby maintain relatively low wages.

Soon, however, prejudice gave way to sound judgment. The unionists understood that the question of large families could not be solved by wages alone; and consequently that further opposition on their part to the only efficacious solution hitherto proposed would condemn their fellow-workmen burdened with large families to poverty and want, and thus discredit the unionists themselves in the eyes of the public.

Moreover, in the allowance system, married men are none the less interested in the general increase of wages, for they have everything to gain by it as well as the unmarried. If the latter

were so selfish as to oppose *family allowances*, the married men would be less inclined to struggle for a general increase of wages, and discord might arise amongst the workers. Whereas if the unmarried frankly endorsed allowances, all danger of disagreement would vanish; the married men out of good-fellowship would strive to do as much for them, encouraged by the fact that in demanding higher wages for their comrades they would obtain the same increase for themselves.

Events seem to have justified this prevision. Allowances have not brought any lowering of wages. In fact, as the president of the German Textile Association has pointed out, in all industries where the system of allowances is in force the wages are not lower than elsewhere.

These motives have brought about an almost universal rally of workers' organizations, in France and in Belgium, to the principle of allowances. But many of them, for the reasons stated above, are antagonistic to the present voluntary system. They propose that the allowances be made compulsory and organized on the same basis as compulsory social insurances. Such at least is the gist of the following resolution submitted at the Congress of the General Confederation of Labor of France, in 1923:

"The Congress demands that an effective system of assistance for large families, in the form of family allowances and maternity and nursing benefits, should be organized by the community as a whole. The expenses should be covered by compulsory contributions from the employers and from the nation at large. The management and distribution of these funds should be entrusted to officially appointed committees, including representatives elected by the various interests concerned."

Similar declarations were made by most of the other workers' unions of France and Belgium; even the socialist unions which were strongly opposed at first, have recently joined the general movement, and the idea is now making headway in the minds of an increasing number of economists, and even of employers.

On the whole, we may say that in France and Belgium federations are unanimously favourable to the principle of allowances.

As regards other countries, we possess no other data than the reports of the International Labour Office, published in Geneva, in 1924. At that time, the attitude of the labour confederation of the principal countries of Europe was as follows:

In Germany the opposition was more wide-spread and more tenacious than in France. There are two reasons for this hostility: in the first place, employers in general, refused to establish compensation funds; they all preferred to give the allowances directly to their employees. To the difficulties of the voluntary system, the German practice adds that of direct payment of allowances by the employer to the worker; this method, we are sure, hindered the diffusion of allowances in France for 30 years, until finally the idea of endowment funds took root. The opposition of the working class of Germany is therefore quite intelligible.

In the second place, German workers seem to have misconceived the notion of allowances since they consider them to be of the nature of a wage-increase granted to married men alone.

In their official statements their leaders base their attacks on allowances on the principle of *equal pay for equal work*, an unassailable principle it is true, but having no bearing in the present case; since allowances are not a remuneration for work but for services rendered by the worker as father of a family.

As soon as labour is better informed and employers are prepared to profit by the experience of other countries in the organization of compensation funds, the present opposition will yield there, as everywhere else, to the principle of allowances. Notably the Congress of Christian Unions held at Essen, in 1920, officially approved of the payment of allowances through compensation funds.

In Holland, the Catholic labour unions have voted in favour of allowances; on the other hand, the socialists, the neutral unions and some of the social democrats have voted against them on the pretext, first, that bonuses would cause a lowering of wages — we have seen that such a result does not necessarily follow and moreover, facts have proved the contrary—; secondly, that employers favoured them as a means of splitting the unity of labor. But this objection can hold only against the voluntary system, the only one practised in Holland, in the case of private enterprises.

Here again it is not against the principle itself that hostility is shown, but against the present mode of its application. As a solution to the problem of large families the neutral labor organizations are laying much stress on the necessity of fighting to obtain

a wage sufficient to give the large family a suitable standard of living: this is merely utopian.

In England the system of allowances was adopted and put into practice during the war on a considerable scale amongst public officials as well as in private enterprises. These allowances have since been suppressed in many cases but they are still in force for families of soldiers, policemen, certain groups of clergymen and for the clerks of several banks. The Royal Commission on Coal Industry recommends their adoption as the most efficacious means of solving the wage problem everywhere in England and they are already partly introduced into the mining industry. Numerous sociologists of every school are advocating their use and a Family Endowment committee has been formed for the purpose of spreading the idea of allowances and carrying it into effect as soon as possible.

Hitherto resistance has come chiefly from Labor Unions. The latter are opposed to any distinction bring drawn between unmarried and married men in fixing wage rates. And they are right: for the principle of equal pay for equal work is a principle of justice founded on common sense itself, and should never be tampered with.

But English labourers are wrong in considering the allowances as a wage-increase and a remuneration of labor. We have shown that that view is erroneous; the family allowances must be classed as a remuneration of services rendered by married men to society and to employers.

When English organizations ultimately grasp the right idea of allowances, all opposition will cease in England as in other countries. Even now several influential bodies have joined the movement. The Independent Labor Party has made the subject of allowances a plank in its program and at the last congress of the Labor Party in October, 1927, they tried to pass a motion calling for an allowance of five shillings a week for each child under 15, but the motion did not carry. Nevertheless, that this prominent section of the Labor Party should thus second the movement in favour of allowances is a strong indication that the idea is gradually making its way in England. And we should not be surprised if, in the near future, the English Government should decide to

generalize the principle already applied in the case of widows, soldiers, and certain groups of officials.

Of all the countries that have adopted allowances, Australia offers us the most interesting example.

— XIV —

FAMILY ALLOWANCES AND LABOUR UNIONS IN AUSTRALIA

Australia is one of the few countries where courts of arbitration with the power of fixing a minimum wage actually exist and operate. The decisions of these courts, however, in regard to a stated basic wage are not binding upon all industries; rather their decisions hold only in the cases which at the moment are under arbitration. Nevertheless the decisions of these courts do wield considerable influence throughout the country, since the basic wage which they determine upon in a given case serves as a precedent for future cases.

The principle which up to recent years determined the decisions of the Australian courts of arbitration in regard to a basic wage was the "absolute family wage", more commonly known as the "living wage".

After the war the working class complained that there was a marked difference between the basic wage determined by the courts of arbitration and the actual cost of living.

In December 1921 the Federal Government appointed a committee of experts to look into the situation and find a remedy for the complaints which had become general throughout the country. The committee was presided over by Mr. A. B. Piddington, and its main work was "to estimate the cost of living, under satisfactory conditions, for a family of five, comprising the parents and three children."

After a thorough investigation the committee unanimously agreed that the amount required for the budget of a family of five persons was $29.00 a week (£5 16s) or $1,508.00 a year. At the time the basic wage as fixed by the courts of arbitration was $19.25 a week (£3 17s) or $1,001.00 a year.

The committee of experts, the federal court of arbitration and the leading statistician of the government agreed that it was absolutely impossible to bring about a general increase in wages so as to raise them to the level of the family budget.

When consulted by the Prime Minister as to what steps should be taken, Mr. Piddington proposed *family allowances* as the only possible solution, and advised the following procedure:

Instead of raising wages in general to $29.00 per week, a fixed wage of $20.00 per week should be given to bachelors and married men without children. Fathers of families should receive, over and above, an allowance of three dollars per week for each child under their care; thus the head of a family with three children would receive a weekly wage corresponding to the budget of a family of five persons, i.e: $29.00. To carry out this plan, employers would pay each workman $20.00 per week, and would contribute to the Allowance-fund an annual tax of $139.50 (£ 27 18 s) for each workman employed. The proceeds of this tax, $139,500,000., would enable the mothers of the 900,000 children in the country to receive for each child a weekly sum of three dollars. The proposed tax, though apparently high, would really be less burdensome on employers than a general increase of wages to the level of the family budget of $29.00; for through the system of family allowances employers would pay out for each workman (wage and tax included) an average amount of $22.58 per week.

The unions would not at first agree to this system and demanded that the minimum wage be fixed at $29.00. All the courts of arbitration, the federal included, rejected the demand of the unions. Mr. Powers, president of the federal court, declared in his final decision that, owing to business conditions in Australia, it was impossible to apply the minimum wage of $29.00 to all workmen; whereas it was both possible and desirable to adopt the system of *family allowances.*

"The present basic flat rate" concluded the President "does not give the other 154,000 husbands with families of more than three young children enough to keep them in any sort of comfort, and those with large families on the basic wage must have a miserable existence. Shortly, the present basic wage compels the workers who have more than three living children under 14 years of age to live without the necessaries of life of a human being. The method proposed (i.e: children's allowances) will, if adopted, remove the greatest cause of industrial discontent and misery, namely, the inability of many workers to feed their children properly and clothe them decently, however hard they work for the basic wage."

The investigations and the discussions which followed seem to have convinced the workers' organizations in Australia. In 1921, the Conference of the New South Wales Labor Party and

the Pan-Australian Congress of Labor Unions adopted the principle of *family allowances,* on the condition however that the State undertake full direction.

All these articles and pronouncements have not been without results. In March last the province of New South Wales passed by way of experiment a law on Allowances, some details of which may be found in the "Labour Gazette" (September, 1927, p. 1016.)

In Canada the question is still new. Nevertheless the Catholic Labor Unions have twice expressed their approval of the system of allowances and have asked the Government of Quebec to put it into practice.

We have been unable to ascertain the attitude of other Canadian labor organizations. In the published reports of the annual congresses of 1924, 1925, 1926 no mention is made of the question of *family allowances.* We should not be at all surprised if they were opposed to them; all the labor unions have passed through this first stage of distrust or hostility. We are persuaded however that a serious study of present economic conditions in Canada would manifest to them the advisability and even the necessity of establishing the system of allowances in order to solve the problem of workingmen's families. This necessity is even more pressing in Canada than it is in Australia. Canada has as its neighbour a most highly organized industrial nation, whose producers have advantages over Canadian producers in every branch of work. As we pointed out in our eighth chapter, Canadian employers cannot possibly pay the same scale of wages as their American neighbours without jeopardizing the prosperity and even the existence of our national industries.

Family allowances would be our most efficacious means of bringing about a progressive wage-increase together with a reduction in the cost of living. It would therefore be most desirable that the Canadian labor organizations should study this question and propose it for discussion at their coming congresses.

— XV —

AN OBJECTION TO THE ESTABLISHMENT OF ALLOWANCES — THE PROSPERITY OF CANADA

At the end of these studies, a doubt may still arise in the minds of some readers. We have tried to show that allowances would entail valuable advantages for the industry and commerce of Canada; yet it might be argued that the country can well dispense with this stimulus; business conditions are especially prosperous; our commerce is developing at a fabulous rate. Our totals for importation and exportation, the favorable balance of our commerce apparently prove better than any other argument the inadvisability of family allowances for Canada.

Doubtless, the amounts expressing Canadian production and commerce are large, a fact of which we are justly proud. Still it would be wrong to see in this a reason for depriving the fathers of families of the proposed allowances. In 1925, Canada held sixth place for the amount of business export per capita, being surpassed by New-Zealand, Australia, Denmark, the Netherlands and Switzerland. Now all these countries have adopted family allowances, the first two (New Zealand and Australia) having even imposed them by law on commerce and industry.

Let us add that the genuine prosperity of a nation is not measured so much by the amount of trade as by the manner in which wealth is distributed among the entire population. Now it has not been proved that the apportionment of wealth in Canada yields to *all* classes an income sufficient to assure them comfort and happiness. Over against the vast amount of our commerce, which could easily be explained by the enormous profits reaped by a handful of capitalists, Canadian or foreign, let us have the courage to set our losses by emigration. In order that a native-born citizen, who feels himself bound to the soil that gave him birth by the strong ties of kindred, friendship, traditions, and all that makes life sweet, should consent to tear himself from his surroundings in order to go and live in a strange land, in the midst of a people whom he knows not, he must be driven by the necessity of earning his bread. This is without doubt the determining factor in the case of a large number of our emigrants; for a comparison of the present average wage with the family budget allows us to affirm

that here, as in Australia, a large number of citizens "are obliged to forego things which are vitally necessary for a human being".

Finally, it is a great mistake to suppose that the national financial balance-sheet necessarily shows to the advantage of a country, as long as the balance of trade is favorable. This sheet gives us indeed the total amount of goods apparently entering and leaving the country, but there is much wealth that comes and goes without being represented by the trade-balance; such, for example, as the interest and dividends which find their way into the pockets of foreign capitalists, American, English or other, and which amount annually to hundreds of millions of dollars. To understand the real financial situation of a country, it would be necessary to add to the visible imports and exports the unseen exchanges of all kinds that go on from one nation to another; we should then have the real balance-sheet and it is doubtful whether this one, if the yearly exodus of our human capital were included, would be favorable to Canada.

If we succeed in maintaining a surplus of exports over imports, it is because more than three-fourths of what we sell abroad is either raw material or partially wrought goods. We export, then, our capital in the crude state, so that it produces the least possible advantage for Canada and the working-class who people it.

Will Canada be able to maintain indefinitely this excess of exports over imports? We do not wish to be prophets of evil, but we do believe that this will become increasingly difficult; European countries have already begun to organize their production according to American methods and are becoming formidable competitors in all the markets of the world. Who does not know that a host of articles made in Europe — transportation and customs paid — can be placed on our markets at a price below the cost of production of the same articles in Canada? This probably explains why the surplus of our exports in 1927 diminished by half.

The prosperity of the country, as expressed by trade figures, is not, therefore, an argument against the establishment of allowances. This seeming prosperity is nothing but an illusion; it does not affect the population as a whole, and it is precisely the most deserving class, the one upon which that prosperity depends, which does not share in the profits, which is obliged either to live in poverty or go into exile in order to avoid starvation. Surely this is neither just nor wise. Can a country claiming to be among the most

enlightened and the most highly organized allow a state of affairs to continue which retards its social and economic development, especially when there is at hand an easy solution, one already tested, adopted and put into practice by other nations where the need is less keenly felt than here in Canada?

CONCLUSION

In order that this solution should become a reality, popular opinion must grasp the question and understand its necessity. The government will not risk an undertaking of this scope unless it feels itself supported by all those interested in the movement. Accordingly we invite all who have at heart the welfare of the nation and all students of social questions to expound their views on this subject. It is especially desirable that business men and labor unions should thoroughly acquaint themselves with the question and discuss it in their meetings and congresses.

The most efficacious method of putting the question before the public would be for someone to take the lead, set the example, and thus give an impetus to the rest of the nation. This role, in our opinion, rightly belongs to the Federal and Provincial governments of Canada. *Family Allowances* are the creation of employers: should it not then be the duty of our Governments, the leading employers in the country, to take the lead in granting allowances to their officials who are fathers of families? It would be the inauguration in America of a system now in force among most of the European countries and several of the British possessions. Then by clinching the measure, by imposing on contractors of public works the obligation of paying family allowances to the persons whom they employ in the execution of their contracts, our governments would make *family allowances* a real part of our economic system.

It would then be the turn of the large municipalities to follow suit. We are convinced that the putting of this system in operation among one class of wage-earners would suffice to make it desired and demanded by the rest of the country. And if ever the system of allowances became generalized, an all but complete solution of the material problem confronting the family would be found; at the same time an effectual check would be placed on emigration, and Canada would go forward by leaps and bounds in the way of progress and prosperity.

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